



EXHIBIT 5
DATE 02/05/07
#B 63

February 4, 2007

TO: The members of the House State Administration Committee

FROM: Marg Crennen, volunteer advocate AARP Montana

RE: Support of HB 63 Actuarial Funding of the Teacher's Retirement System

Mr. Chairman and members of the Committee, my name is Marg Crennen, retired teacher and volunteer advocate for AARP Montana. We are a non-partisan, non-profit organizations with 153,000 members in this state. We are here today in strong support of HB 63.

AARP was founded in 1958 by Ethel Percy Andrus, a retired teacher who had colleagues living in destitute situations. She decided to dedicate her "retired" years to assuring that those who had given so much of their lives had means to live once retired. Thankfully, now we have a retirement system for teachers and the solvency of that system is guaranteed by our state constitution.

HB 63 is a fiscally responsible bill proposed by the Teacher's Retirement Board to actuarially fund TRS. Believe me, the retired teachers of Montana will sigh with relief when this bill passes. We are grateful that the state's revenue projection will allow for another \$100 M infusion into the system. The additional employer contribution, which will not raise property taxes, will round out our ability to make this system work. Finally, we do support the provisions of this bill that account for the full compensation of educators working "after retirement". If these loopholes are not closed, there could be unpredictable expenses to the retirement system which will undo the work to make this system solvent in the future.

We understand the reason behind eliminating the power of the TRS board to raise the GABA from 1.5 % to 3%. The cost of living increase has averaged about 3% over the last ten years, so teachers certainly deserve and need a 3% GABA. However, the decision to fund an adequate GABA needs to be done by the legislature at a different juncture.

I urge your strong support of HB 63.